

Interim Consolidated Statement of Source and Use of Funds— (Thousands of dollars)

6 months
ended
June 30

	1974	1973
SOURCE OF FUNDS		
Funds derived from operations.....	\$12,661	\$10,920
Investments realized.....	403	627
Working capital of subsidiaries acquired.....	160	22
	<u>\$13,224</u>	<u>11,569</u>
USE OF FUNDS		
Dividends paid.....	4,960	3,774
Additions to fixed assets, net.....	3,717	2,770
Investments acquired.....	40	190
Long term debt repaid or currently payable.....	2,851	2,983
Acquisition of subsidiaries.....	1,220	2,700
Other minor items.....	47	130
	<u>12,835</u>	<u>12,547</u>
Increase (decrease) in working capital.....	<u>\$ 389</u>	<u>\$ (978)</u>

SOUTHAM PRESS LIMITED

Daily Newspapers

The Spectator, Hamilton
The Citizen, Ottawa
The Calgary Herald
The Edmonton Journal
The Winnipeg Tribune
The Province, Vancouver
(Published for Pacific Press Limited)
The Medicine Hat News
The North Bay Nugget
The Gazette, Montreal
The Owen Sound Sun-Times
The Citizen, Prince George
The Brantford Expositor
The Windsor Star

Business Newspapers

Financial Times of Canada, Montreal
Journal of Commerce, Vancouver
Daily Commercial News, Toronto

Business Publications and Shows

Southam Business Publications Limited,
Don Mills, Ont.
National Business Publications Limited,
Gardenvale, Que.
Secombe House Limited, Don Mills, Ont.
Southex (1970) Limited, Don Mills, Ont.
Grant Smedmor Limited, Don Mills, Ont.
Canadian Mailings Limited, Don Mills, Ont.
C.O. Nickle Publications Co. Ltd., Calgary, Alta.
Les Publications Éclair Ltée, Montreal, Que.

Printing

Southam Printing Limited, Toronto, Ont.
Southam Murray, Weston, Ont.
Offset Print & Litho Limited, Don Mills, Ont.
Gazette Canadian Printing Ltd., Montreal, Que.
Southam Business Forms, Candiatic, Que.
Southam Specialty Printing, Candiatic, Que.
Southam Farwest Printing Limited, Burnaby, B.C.
Canadian Publishers Company Limited,
Winnipeg, Man.

SOUTHAM PRESS LIMITED

Interim
report

6

months
ended
June 30, 1974



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To THE SHAREHOLDERS,
SOUTHAM PRESS LIMITED

Results for the second quarter reflect a buoyant sales environment for all major divisions. Newspaper advertising volumes increased substantially and demand for our commercial printing and business publications and shows is also at record levels. Some price adjustments were effected during the quarter.

The very rapid escalation in operating expense is partly a reflection of higher labour and material costs being experienced by all industries but also because of the larger than normal contribution of commercial printing divisions which traditionally enjoy lower margins than newspaper operations.

Overall, revenues in the second quarter were ahead of our expectations but a general cost squeeze is apparent. The second half should continue the same pattern. Prices are being adjusted where necessary to counteract substantial wage increases and higher cost for paper and other supplies.

The rate of growth of gross margins is being maintained. However, working capital requirements have increased substantially and, in this period of inflation, funds provided by depreciation are not nearly sufficient to pay for the replacement of physical assets.

Work has been started on the new plant for The Spectator.

The introduction of new production processes continues with some inhibiting effect on current income. During the quarter labour negotiations at some divisions involved production interruptions and this too had a minor impact on operating results.

The regular quarterly dividend of 20 cents per share on the Class A shares and 17 cents on the Class B shares has been declared payable September 30 to shareholders of record September 16.

Yours sincerely,

Raymond

TORONTO, CANADA
July 24, 1974

President

Interim Consolidated Statement of Income (not audited)

(Thousands of dollars except per share amounts)

3 months
ended
June 30

Revenue from operations:	
Newspapers.....	
Printing.....	
Business publications and shows .	
Costs and operating expenses.....	
Depreciation.....	
Amortization of goodwill.....	
Interest.....	
Equity in net earnings of companies at least 50 per cent owned.....	
Income from other investments....	
Income taxes (estimated).....	
Net income before extraordinary item	
Extraordinary item (net of tax).....	
Net income.....	
Net income—per share before extraordinary item.....	
Net income per share.....	
Dividends paid—5 per cent preferred shares.....	
Dividends paid—Class A shares....	
Dividends paid—Class B shares....	
Dividends paid—per share—Class A	
Dividends paid—per share—Class B	

1974	% Change	1973
\$ 34,396		\$ 29,280
16,094		11,116
6,126		5,048
56,616	+24.6	45,444
45,634		35,602
1,215		1,119
45		—
633		329
47,527	+28.3	37,050
9,089	+ 8.3	8,394
989		684
219		197
10,297	+11.0	9,275
4,393	+10.2	3,986
5,904	+11.6	5,289
—		320
\$ 5,904	+ 5.3	\$ 5,609
47¢		42¢
47¢		45¢
\$ 27		\$ 27
\$ 2,104		\$ 1,860
\$ 377		—
20¢		15¢
17¢		—

6 months
ended
June 30

Revenue from operations:	
Newspapers.....	
Printing.....	
Business publications and shows .	
Costs and operating expenses.....	
Depreciation.....	
Amortization of goodwill.....	
Interest.....	
Equity in net earnings of companies at least 50 per cent owned	
Income from other investments....	
Income taxes (estimated).....	
Net income before extraordinary item	
Extraordinary item (net of tax).....	
Net income	
Net income—per share before extraordinary item.....	
Net income—per share.....	
Dividends paid—5 per cent preferred shares.....	
Dividends paid—Class A shares....	
Dividends paid—Class B shares....	
Dividends paid—per share—Class A	
Dividends paid—per share—Class B	

1974	% Change	1973
\$ 62,931		\$ 54,919
29,095		22,255
11,599		9,603
103,625	+19.4	86,777
85,622		70,588
2,390		2,158
90		—
1,047		596
89,149	+21.6	73,342
14,476	+ 7.7	13,435
1,655		1,080
447		387
16,578	+11.2	14,902
6,967	+ 9.6	6,358
9,611	+12.5	8,544
814		320
\$ 10,425	+17.6	\$ 8,864
77¢		68¢
83¢		71¢
\$ 54		\$ 54
\$ 4,218		\$ 3,720
\$ 688		—
40¢		30¢
34¢		—